

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

In re:

Case No. 09-67671

TURCHAN TECHNOLOGIES GROUP, INC.,

Chapter 11

Debtor.

Judge Thomas J. Tucker

---

**ORDER REQUIRING DEBTOR TO AMEND DISCLOSURE STATEMENT**

On October 14, 2009, Debtor filed a plan and disclosure statement, in a document entitled “Combined Disclosure Statement and Plan of Reorganization of Turchan Technologies Group, Inc.” (Docket # 65). The Court cannot yet grant preliminary approval of the disclosure statement contained within this document (“Disclosure Statement”). The Court notes the following problems, which Debtor must correct.

First, Debtor may not treat the alleged secured claim of the Internal Revenue Service (“IRS”) together with the priority tax claims in Group II under Article II. Rather, the secured claim of the IRS must be treated in a separate class under Article III. Debtor must state that for purposes of voting, the secured claim of the IRS is deemed impaired and entitled to vote. Debtor may reserve the right to argue at the confirmation hearing that the claim of the IRS is not impaired and is not entitled to vote, *e.g.*, because the IRS does not have a valid secured claim against the Debtor.

Second, Paragraph IV.A of the Disclosure Statement on page 34 states: “A statement of risks, conditions and assumptions is attached to the Liquidation Analysis (Exhibit B).” There is no such statement attached to Exhibit B. Debtor must correct this.

Third, Debtor must add a section to the Disclosure Statement captioned “Future

Management of Business and Compensation.” In this section, Debtor must state who will manage the reorganized Debtor and what the salary and fringe benefits of these individuals will be.

Fourth, Debtor must add the following sentence to Paragraph V.A of the Disclosure Statement on page 42: *“Any ballot that does not appropriately indicate acceptance or rejection of the plan will not be counted.”*

Fifth, Debtor must amend Paragraph V.C on page 42 of the Disclosure Statement, describing “Confirmation,” so that it states verbatim the language required in Paragraph VI.C of the “Requirements For Information To Include In the Combined Plan and Disclosure Statement (Judge Tucker), which can be found at <http://www.mieb.uscourts.gov/judgesCorner/tucker/VIII.html> on the Court’s website. That language is as follows:

*C. Confirmation*

*11 U.S.C. § 1129(a) establishes conditions for the confirmation of a plan. These conditions are too numerous and detailed to be fully explained here. Parties are encouraged to seek independent legal counsel to answer any questions concerning the Chapter 11 process.*

*Among the several conditions for confirmation of a plan under 11 U.S.C. § 1129(a) are these:*

- 1. Each class of impaired creditors and interests must accept the plan, as described in paragraph VI.B., above.*
- 2. Either each holder of a claim or interest in a class must accept the plan, or the plan must provide at least as much value as would be received upon liquidation under Chapter 7 of the Bankruptcy Code.*

Sixth, Debtor must amend Paragraph V.E on page 43 of the Disclosure Statement,

describing “Effect of Confirmation,” so that it states verbatim the applicable language required in Paragraph VI.E of the “Requirements For Information To Include In the Combined Plan and Disclosure Statement (Judge Tucker), which can be found at <http://www.mieb.uscourts.gov/judgesCorner/tucker/VIII.html> on the Court’s website. That language is as follows:

*If the plan is confirmed by the Court:*

1. *Its terms are binding on the debtor, all creditors, shareholders and other parties in interest, regardless of whether they have accepted the plan.*
2. *Except as provided in the plan and in 11 U.S.C. § 1141(d):*
  - (a) *In the case of a corporation that is reorganizing and continuing business:*
    - (1) *All claims and interests will be discharged.*
    - (2) *Creditors and shareholders will be prohibited from asserting their claims against or interests in the debtor or its assets.*

Seventh, Debtor must correct the typographical error in Article III, on the fourth line of Paragraph 3.2.2 of the Plan on page 12, by correcting the following inconsistency: “fifty percent (33%).”

Eighth, the meaning of the following language in Article III, Paragraph 3.2.3 on page 12 should be clarified: “Such payments shall continue to be made on the same date each year until (i) the Claims are paid in full or (ii) the fifth anniversary of the Effective Date.” It appears that here Debtor means that payments will continue until the **earlier** to occur of either (i) or (ii). If so, Debtor must state this. If this is not what Debtor means, Debtor must clarify.

Accordingly,

IT IS ORDERED that Debtor must file, no later than **October 22, 2009**, an amended combined plan and disclosure statement which corrects the above stated problems.

IT IS FURTHER ORDERED that Debtor also must provide to Judge's chambers, no later than **October 22, 2009**, a redlined version of the amended combined plan and disclosure statement, showing the changes Debtor has made to the "Combined Disclosure Statement and Plan of Reorganization of Turchan Technologies, Group, Inc." (Docket # 65), filed October 14, 2009. Debtor must submit this redlined document to chambers electronically, through the Court's order submission program.

**Signed on October 19, 2009**

/s/ Thomas J. Tucker  
**Thomas J. Tucker**  
**United States Bankruptcy Judge**